

# SENATE BILL REPORT

## SB 6286

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As of February 3, 2014

**Title:** An act relating to current use valuation for land primarily used for commercial horticultural purposes.

**Brief Description:** Concerning current use valuation for land primarily used for commercial horticultural purposes.

**Sponsors:** Senators Rivers, Dammeier, Hobbs, Honeyford, Hatfield, Fraser and Roach.

**Brief History:**

**Committee Activity:** Agriculture, Water & Rural Economic Development: 1/27/14, 1/30/14 [DPS-WM].

Ways & Means: 2/05/14.

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### SENATE COMMITTEE ON AGRICULTURE, WATER & RURAL ECONOMIC DEVELOPMENT

**Majority Report:** That Substitute Senate Bill No. 6286 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Hatfield, Chair; Honeyford, Ranking Member; Brown, Eide, Hobbs and Schoesler.

**Staff:** Diane Smith (786-7410)

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Dean Carlson (786-7305)

**Background:** The assessed value of most real property is determined by the county assessor. The goal of the appraisal process is arriving at the fair market value of the property, according to its highest and best use.

Open space lands are lands which conserve natural resources, promote conservation, enhance public value and recreation, preserve visual quality, or have other legislatively identified attributes which are of public benefit. Agricultural and timber lands are subject to various requirements regarding size, use, and income.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

A constitutional amendment in 1968 established a current use assessment for open space, timber, and agricultural lands.

The open space program allows agricultural lands, timberlands, and other open space lands to be assessed according to their value as they are currently being used, rather than the market value. This current use value is typically much lower than market value and is, therefore, a tax benefit for the property owner.

When property is removed from the current use valuation program, either by the owner or the assessor due to a change in use, back taxes must be paid for the previous seven years, together with interest and penalties, if applicable.

Within the definition of farm and agricultural lands for purposes of the open space program, are lands including incidental uses that are compatible with agricultural purposes so long as the incidental use does not exceed 20 percent of the classified land, with qualifications. Agricultural lands also include parcels of one to five acres that are not contiguous but that otherwise constitute an integral part of farming operations being conducted on the qualifying land.

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (Recommended Substitute):** Land on which commercial horticultural plants are grown in containers, whether the containers are under a structure or not, is farm and agricultural land. Existing acreage and income requirements must be met. Land specifically not qualifying under this section cannot qualify as an incidental use. Also specifically excluded is land used for storing, caring for, or selling plants purchased from others growers for resale.

This amendment does not constitute a new tax preference for purposes of requiring a ten-year expiration date or a tax preference performance statement.

**EFFECT OF CHANGES MADE BY AGRICULTURE, WATER & RURAL ECONOMIC DEVELOPMENT COMMITTEE (Recommended Substitute):** The growing of seedlings is included among the examples of what qualifies as land used primarily for commercial horticultural purposes.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Proposed Substitute as Heard in Committee (Agriculture, Water & Rural Economic Development):** PRO: These businesses provide employment that we want to preserve. They are using horticultural practices that preserve top soil, allowing customization of soil composition and nutrients specific to the individual

plant's needs. The counties are not uniform in their application of the highest and best use valuation to wholesale potted horticultural nurseries. Some counties have even changed their own interpretations in the last couple years in order to increase tax collections. If nurseries are left with only bare-root operations qualifying for open space, then the selling season is limited to December through March.

**Persons Testifying (Agriculture, Water & Rural Economic Development):** PRO: Senator Rivers, prime sponsor; Ingrid Wachtler, owner, Woodbrook Native Plant Nursery.